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Implications of Reductions in U.S. Funding



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UNITED STATES GENERAL ACCOUNTING OFFICE
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NATIONAL SECURITY AND
INTERNATIONAL AFFAIRS DIVISION

July 17, 1986

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The Honorable Dante B. Fascell
Chairman, Committee on Foreign Affairs

The Honorable Gus Yatron
Chairman, Subcommittee on Human Rights
and International Organizations

The Honorable Dan Mica
Chairman, Subcommittee on International
Operations
House of Representatives

In response to your request of March 5, 1986, we are providing this briefing report on the financial implications of legislative restrictions affecting U.S. contributions to the United Nations and its affiliated agencies. We developed overall estimates of reductions in U.S. contributions that might be expected in fiscal year 1987 and, as you requested, we also visited the World Health Organization (WHO) and the International Civil Aviation Organization (ICAO) to determine the financial impact such reductions may have on these specialized U.N. agencies. The results of our work are summarized below and presented in more detail in Appendix I.

The major legislative restrictions affecting current budget estimates include (1) Section 143 of Public Law 99-93 (often referred to as the Kassebaum Amendment), which beginning in fiscal year 1987 limits U.S. contributions to the United Nations and its specialized agencies¹ to no more than 20 percent of their assessed budgets unless those organizations adopt voting rights on budgetary matters proportionate to the contributions of each member state and (2) Public Law 99-177 (referred to as the Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act), which beginning in fiscal year 1986 requires across-the-board spending reductions if federal outlays exceed annual deficit ceilings.

¹For fiscal year 1987 the following organizations are affected --Food and Agriculture Organization, International Labor Organization, U.N. Industrial Development Organization, World Meteorological Organization, WHO, and ICAO. No reductions will be required for the other specialized agencies because the United States contributes less than 20 percent to their budgets.

On July 7, 1986, the Supreme Court of the United States held unconstitutional the process by which Gramm-Rudman-Hollings spending reductions were to be instituted pursuant to calculations made by the Comptroller General. However, the Act has a fallback deficit reduction process under which spending reductions may be made. This report describes the actions taken in fiscal year 1986 on Gramm-Rudman-Hollings sequestrations prior to the Supreme Court decision and also identifies possible sequestrations in fiscal year 1987 assuming some form of cuts are required. At this time it is unclear if reductions for fiscal year 1986 will be made under the fallback reduction process, or what implications the Supreme Court decision will have on fiscal year 1987 reductions.

Assuming appropriation levels requested in the President's Fiscal Year 1987 Budget, the financial implications of these legislative restrictions are as follows.

--In fiscal year 1987, the Kassebaum Amendment would reduce U.S. contributions to the United Nations and the six affected specialized agencies by approximately \$79 million. Although the President's budget does not identify Kassebaum adjustments by agency, State Department analysis indicates that adjustments would reduce contributions by about \$42.1 million to the United Nations, \$13.6 million to WHO, \$1.5 million to ICAO, and by \$21.9 million to the four other agencies.

--The President's budget estimates for fiscal year 1987 assume that Gramm-Rudman-Hollings deficit ceilings will be met and that no additional reductions in U.S. contributions will be necessary. If these assumptions do not prove valid, further cuts may become necessary. For example, a Gramm-Rudman-Hollings sequestration of 10 percent would further reduce U.S. contributions by nearly \$30 million in fiscal year 1987.

Gramm-Rudman-Hollings estimates are of course highly speculative in view of the Supreme Court decision and until more is known about the performance of the U.S. economy and the results of fiscal policy this year. Also, reprogramming options are available for applying cuts among U.N. agencies. For example, prior to the Supreme Court decision, the State Department adopted a reprogramming policy for fiscal year 1986 that adjusted the required 4.3 percent overall reduction based on (1) the status of paid-in contribution levels for each agency and (2) rewarding agencies considered most responsive to U.S. interests by reducing cutbacks below 4.3 percent. According to State Department data, U.S. contributions to nine U.N. agencies, including ICAO, were cut less than 4.3 percent. WHO was cut 4.3 percent and the United Nations 7.11 percent.

WHO and ICAO officials noted that the United States has not formally presented either agency with any official estimates of how Kassebaum and Gramm-Rudman-Hollings reductions combined will affect future U.S. contribution levels. Estimates of Kassebaum reductions have been provided informally by the respective U.S. missions.

WHO has an assessed budget of about \$544 million for its 1986-87 biennium, of which the U.S. share is 25 percent or about \$136 million. WHO estimates that legislatively mandated reductions for these two calendar years (U.S. fiscal years 1987-88) will total about \$35 million--\$27 million for the Kassebaum Amendment and \$8 million for Gramm-Rudman-Hollings. Based on preliminary data, this \$35 million will be allocated on an across-the-board, pro-rata basis to headquarters operations and to each region. Programs of lowest priority to member countries and/or those not yet entering the implementation phase will be suspended until funding becomes available. According to State Department officials, it is difficult to determine if programs of special interest to the United States will be affected. While the United States accords strong support to the overall WHO "health for all" goals, and has expressed some general preferences in program activity (such as increased consideration of AIDS and drug abuse), the United States has not established priorities for programs funded as part of the WHO regular budget.

Although WHO officials characterized the projected reductions in U.S. contributions as financially manageable by across-the-board suspensions of programs, they stressed that the potential long-term programmatic impacts on member countries receiving health assistance should not be understated. Specific areas of concern included (1) a reduced capability to provide WHO technical assistance, (2) reduced capacity of WHO to implement joint cooperation programs with other agencies, and (3) the potential multiplier effect of reduced WHO resources on member countries' capacities to implement their health strategies. The WHO Director-General also believes that the State Department's reprogramming decisions on the fiscal year 1986 Gramm-Rudman-Hollings reduction, which resulted in other specialized agencies receiving smaller percentage cuts and which appeared to single out WHO as less responsive to U.S. interests than the other specialized agencies, will be particularly damaging to WHO's reputation and its ability to maintain expected funding levels from other key contributors. State Department officials said WHO had not been singled out. They said that the International Labor Organization would have been cut as much and the Food and Agriculture Organization more, if most of the assessments for these organizations had not already been paid prior to enactment of Gramm-Rudman-Hollings.

ICAO, which has an assessed budget of approximately \$30.1 million for fiscal year 1987, has assumed that fiscal year 1987 reductions in U.S. contributions will be about \$1.5 million. This is based on a reduction in U.S. assessed contributions from 25 percent to 20 percent to satisfy the Kassebaum Amendment. No estimates of Gramm-Rudman-Hollings cuts have been made.

ICAO officials indicated that ICAO will not adjust its program plans until official State Department estimates of all reductions are available. ICAO officials believed, however, that ICAO can manage the anticipated Kassebaum Amendment reductions of \$1.5 million without major disruptions to overall programs or to programs of special U.S. interest, such as efforts to develop technical measures to prevent hijacking and other terrorist acts. Budget cuts, however, are expected to delay some equipment procurement, impose a staff-level freeze, and delay implementation of regional plans.

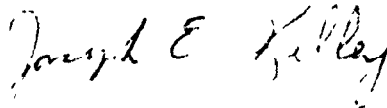
A great deal of uncertainty remains concerning the financial impact of U.S. legislation on the United Nations and its specialized agencies. Official estimates of Gramm-Rudman-Hollings reductions, if any, for fiscal year 1987 are not yet known and the State Department has the flexibility of reprogramming Gramm-Rudman-Hollings cuts to mitigate their impact on agencies considered responsive to U.S. interests. In addition, the administration has focused its efforts on obtaining budget and administrative reforms at the United Nations, and it is too soon to know whether substantial progress toward such reforms will be made or the extent to which progress could affect the specialized agencies. State Department officials expressed the view that there is little chance the United Nations will adopt weighted voting, as called for by the Kassebaum Amendment. However, they also believed that the ongoing U.N. actions to improve administrative and financial conditions may eventually result in substantial budgetary reforms, which they hope will satisfy the basic objective of the Kassebaum Amendment--to give the major donors greater influence over budget decisions. Nevertheless, it is questionable whether any action short of U.N. adoption of proportionate voting on budgetary matters would comply with the Kassebaum Amendment.

U.S. priorities were well established at ICAO and assumed cuts for fiscal year 1987 are not expected to hurt specific U.S. interests. However, the United States has not established specific program priorities at WHO making it difficult to determine what impact reduced contributions will have on health programs of special interest to the United States. Because further reductions in U.S. contributions are possible beyond fiscal year 1987, it may be appropriate for U.S. officials to

identify such priorities in order to mitigate future program cutbacks.

In conducting this review, we used State Department data to document contribution levels requested for the United Nations and its specialized agencies in fiscal year 1987. We also visited WHO and ICAO headquarters to discuss this issue with their officials and those of the respective U.S. missions. We did not obtain official agency comments, but we discussed the contents of this report with State Department officials and considered their views.

Copies of this report are being sent to the Department of State and appropriate congressional committees. Copies will be made available to interested parties upon request.

A handwritten signature in dark ink, appearing to read "Joseph E. Kelley". The signature is fluid and cursive, with the first and last names being more prominent than the middle initial.

Joseph E. Kelley
Associate Director

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ABBREVIATIONS

FAA	Federal Aviation Administration
FAO	Food and Agriculture Organization
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ILO	International Labor Organization
IMO	International Maritime Organization
ITU	International Telecommunication Union
PAHO	Pan American Health Organization
PLO/SWAPO	Palestine Liberation Organization/South West Africa People's Organization
U.N.	United Nations
UPU	Universal Postal Union
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

BACKGROUND

The regular budgets of the United Nations and its affiliated agencies are funded primarily through the assessed contributions of member states. The fiscal year 1987 U.S. share of assessed contributions is estimated to range from 5 percent, or \$527,000, for the International Maritime Organization to 25 percent, or \$210,277,200, for the United Nations. Actual U.S. contribution levels, however, are subject to several adjustments for purposes such as tax equalization, changes in exchange rates, and legislative restrictions.

Among legislative restrictions, Section 143 of Public Law 99-93, referred to as the Kassebaum Amendment, is expected to result in the single largest adjustment in fiscal year 1987, about \$79 million. The Kassebaum Amendment limits U.S. contributions to the United Nations and to each of its specialized agencies to 20 percent of their total annual budgets, unless these organizations adopt voting rights on budgetary matters proportionate to the financial contribution of each member state. The other major legislative restriction is Public Law 99-177, referred to as the Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act. In fiscal year 1986, U.S. contributions to the assessed budgets of the United Nations and its affiliated agencies were reduced about \$17 million as a result of this Act. According to State Department documents, reliable estimates for Gramm-Rudman-Hollings reductions in 1987 are not expected until August 1986 at the earliest. On July 7, 1986 the Supreme Court held unconstitutional the process by which Gramm-rudman-Hollings reductions were to be instituted pursuant to calculations by the Comptroller General. The impact of this decision on fiscal year 1986 requirements and estimates for fiscal year 1987 are at this time unclear.

Another legislative restriction affecting estimates of U.S. contribution levels in fiscal year 1987 is Section 114 of Public Law 98-164, which, among other things, requires withholding of U.S. contributions to U.N. activities benefitting either the Palestine Liberation Organization (PLO) or the South West Africa Peoples' Organization (SWAPO). The State Department estimates that PLO/SWAPO reductions for fiscal year 1987 will be \$1 million.

Other legislative provisions may have implications for future U.S. contribution levels, but the financial impact, if any, remains to be determined by the State Department. These provisions include, for example, requirements for proportionate reductions for the salaries of international civil servants employed by the United Nations who are returning any portion of their salaries to their respective governments, adjustments for construction of the Economic Commission for Africa conference

center, and limits on funding for certain programs to combat racism.

KASSEBAUM AMENDMENT

According to the President's fiscal year 1987 budget, U.S. contributions to the United Nations and specialized agencies will be reduced approximately \$79.134 million. Although the President's budget does not identify Kassebaum Amendment reductions by individual agency, State Department data indicates U.S. contributions will be reduced as shown in table I.1.

Table I.1: Kassebaum Amendment Reductions by Agency

<u>Agency</u>	<u>Reduction</u> (000 omitted)
United Nations	\$42,055
World Health Organization (WHO)	13,589
Food and Agriculture Organization (FAO)	11,455
International Labor Organization (ILO)	6,328
U.N. Industrial Development Organization (UNIDO)	3,353
International Civil Aviation Organization (ICAO)	1,506
World Meteorological Organization (WMO)	848
 Total	 \$79,134

Table I.2, based on data provided by the State Department, shows Kassebaum Amendment reductions in relation to the other adjustments affecting estimates for the fiscal year 1987 United Nations and Affiliated Agencies account. The \$79 million adjustment for the Kassebaum Amendment was based on a policy decision by the State Department and the Office of Management and Budget that reductions in U.S. contributions due to the Amendment should be in addition to other legislative and non-legislative adjustments affecting U.N. accounts.

The primary non-legislative adjustments made by the State Department include credits for favorable exchange rate changes, amounts withheld from payments to cover tax reimbursements to U.S. citizens employed by U.N. agencies, and prior year funding shortfalls. In addition, the U.S. assessments were further adjusted by various U.N. agencies to reflect such things as loan repayments, credits for tax reimbursements, and other small offsets to the initial assessments.

Table I.2: Adjustments to U.S. Contributions to United Nations
and Affiliated Agencies
(FY 1987 estimates in thousands)

Total initial assessments for U.S. contributions		\$426,357
Non-legislative adjustments Including offsets and other credits		(\$48,072)
Less legislative restrictions		
Kassebaum Amendment	(\$79,134)	
PLO/SWAPO	(1,000)	(\$80,134) (\$128,206)
Requested U.S. appropriations for fiscal year 1987		<u>\$298,151^a</u>

^aThe President's budget indicates a funding level of \$292.732 million. According to State Department officials, that number is an error in printing.

There appears to be little prospect of achieving weighted voting as called for in the Kassebaum Amendment. State Department officials said that the United States recognizes weighted voting is not likely to be achievable because it would require constitutional amendments in most U.N. agencies. According to State Department documents, efforts are underway in the United Nations to identify measures for improving administrative and financial systems. Although current efforts are focusing on the United Nations, the State Department has assumed that such measures would also be adopted by the various specialized agencies, as appropriate. The United States has not indicated, however, what policy changes short of proportionate voting might be acceptable. According to State officials, this position has been taken in order to avoid polarizing debate on the issue.

GRAMM-RUDMAN-HOLLINGS

The Department of State was required to apply a 4.3 percent Gramm-Rudman-Hollings sequestration in fiscal year 1986 across all International Organization contributions. However, the Gramm-Rudman-Hollings Act did not become effective until after certain organizations had already been paid or largely paid in full for fiscal year 1986. State reprogrammed the sequestration based on this condition and also adopted a policy of reprogramming the sequestration to mitigate the impact of cuts on organizations considered most responsive to U.S. interests.

Withholdings in excess of 4.3 percent were planned for those organizations least responsive to U.S. interests. Table I.3 shows, on a percentage basis, the Gramm-Rudman-Hollings reductions scheduled by State for the United Nations and affiliated agencies in fiscal year 1986. These reductions were scheduled prior to the July 7, 1986, Supreme Court decision on the Gramm-Rudman-Hollings calculation process.

Table I. 3: Gramm-Rudman-Hollings Percentage Reductions
in Fiscal Year 1986

<u>Agency</u>	<u>Percent reduction</u>
Food & Agriculture Organization	0a
International Telecommunication Union (ITU)	0a
Universal Postal Union (UPU)	0a
International Atomic Energy Agency (IAEA)	2.15
International Civil Aviation Organization (ICAO)	2.15
International Maritime Organization (IMO)	2.15
World Intellectual Property Organization (WIPO)	2.15
World Meteorological Organization (WMO)	2.15
International Labor Organization	3.46 ^b
World Health Organization	4.30
United Nations	7.11

a paid in full prior to sequestration.

b paid all but percent shown prior to sequestration

The Director General of WHO believes that the United States, by its actions on Gramm-Rudman-Hollings, had "wrongly and unfairly" singled out WHO as an agency not responsive to U.S. interests. The U.S. mission in Geneva also questioned the Gramm-Rudman-Hollings decisions in fiscal year 1986 as they applied to WHO, but State Department officials said that the allocation of cuts for WHO reflected U.S. policy. State Department officials said that if the U.S. had not already paid the U.S. assessment for FAO and most of it for ILO, reductions for FAO would have placed that agency in a less responsive category along with the United Nations, and the percentage cuts for ILO would have been the same as those for WHO.

Fiscal year 1987 estimates
not yet available

Because of the uncertainties over preformance of the U.S. economy vis-a-vis the President's budget request and the then anticipated decision by the Supreme Court on the Gramm-Rudman-Hollings calculation process, the State Department had not made any official estimates of the possible impact of Gramm-Rudman-Hollings for fiscal year 1987. Although the President's fiscal year 1987 budget assumes that Gramm-Rudman-Hollings ceilings will be met, a budget analyst at the Office of Management and

Budget suggested that an additional reduction of as much as 10 percent should be considered for planning purposes. Table I.4, shows possible Gramm-Rudman-Hollings reductions for fiscal year 1987, assuming appropriation levels generally equivalent to the President's budget request and cutbacks of 2.5, 5 and 10 percent. These amounts shown do not reflect any reprogramming options that the State Department may exercise to mitigate the impact of cuts on responsive U.N. agencies or increase the cuts for those agencies that are less responsive to U.S. interests.

Table I.4: Possible Gramm-Rudman-Hollings Sequestrations

Agency	FY 87 appropriation request, including Kassebaum reduction ^a	U.S. Contributions At Assumed Sequestration Levels		
		(\$000)		
		2.5%	5%	10%
FAO	\$ 28,239	\$ 27,533	\$ 26,827	\$ 25,415
IAEA	20,702	20,184	19,667	18,632
ICAO	6,365	6,207	6,047	5,728
ILO	25,864	25,217	24,571	23,278
IMO	527	514	501	474
ITU	2,989	2,914	2,840	2,690
United Nations	151,446	147,660	143,874	136,301
UNIDO	9,391	9,156	8,921	8,452
UPU	467	455	444	420
WHO	48,131	46,928	45,724	43,318
WIPO	431	420	409	388
WMO	3,599	3,509	3,419	3,239
Total	<u>\$298,151</u>	<u>\$290,697</u>	<u>\$283,244</u>	<u>\$268,335</u>
Reduction in U.S. contributions:		\$ (7,454)	\$ (14,907)	\$ (29,816)

^aDue to rounding, minor differences exist between certain individual agency figures and State Department calculations supporting the President's budget estimates.

IMPLICATIONS OF CUTBACKS FOR WHO AND ICAO

The United States has not formally notified WHO and ICAO of the reductions in contributions for which they should plan for fiscal year 1987. The lack of notification is due primarily to the uncertainties about the impact of Gramm-Rudman-Hollings in fiscal year 1987. The State Department has focused its efforts on implementing the Kassebaum Amendment at the United Nations. Less attention has been given to how Kassebaum and

Gramm-Rudman-Hollings combined may affect the specialized agencies.

Neither WHO nor ICAO indicated willingness to initiate actions on their own toward proportionate voting. Because they believed that proportionate voting had very little chance anywhere in the U.N. system, WHO and ICAO officials asked (1) what alternatives to proportionate voting, if any, would be acceptable to the United States and (2) what timeframe would be required to implement such alternatives and remove the agencies from the Kassebaum restrictions.

Planned Cutbacks in WHO budget

WHO has estimated reductions in U.S. contributions totalling \$35 million--\$27 million for Kassebaum and \$8 million for Gramm-Rudman-Hollings for calendar years 1986-87 (U.S. fiscal years 1987-88). WHO estimates for calendar years 1988-89 indicate U.S. contributions could be reduced as much as \$50 million.

WHO budget officials are working with their various regional officials to identify how the anticipated \$35 million in 1986-87 reductions will be applied. Based on data provided by WHO, the \$35 million in cuts will be allocated on an across-the-board, pro-rata basis, shown in table I.5.

Table I.5: Planned Suspension of WHO Programs

<u>Region</u>	<u>Amount</u> (millions)	<u>Percent of Reduction</u>
Headquarters	\$11.100	31.7
Africa	6.370	18.2
Americas	3.727	10.7
South East Asia	4.438	12.7
Europe	2.079	5.9
Eastern Mediterranean	4.008	11.5
Western Pacific	3.269	9.3
Total	<u>\$34.991</u>	<u>100.0</u>

WHO asked its headquarters components and regions in March 1986 to identify specific areas for reduction and this process was continuing at the time of our visit. Preliminary WHO information provided during our visit in April 1986 illustrates some of the expected 1986-87 cuts. For example, reductions totaling nearly \$1 million in administrative support services at the headquarters level are possible under current assumptions, as well as reductions in both country and multi-country programs in the regions. Specific activities identified in the regional analyses for program reduction included training, fellowships,

short-term consultants, seminars, research grants, and supplies and equipment. According to WHO officials, programs of lowest priority to member countries and those not yet entering implementation will be suspended until funding becomes available.

WHO officials believed that an analysis prepared by their Americas region in many ways would reflect the agency as a whole. Specific concerns raised by the Americas region staff about the estimated U.S. cutbacks in contributions included

- the effect on delivery of technical cooperation to member countries, in particular the joint cooperation efforts of WHO and the Pan American Health Organization (PAHO),
- the multiplier effect of reductions in WHO resources on national health programs (e.g. national health resources may not be used as effectively without the availability of WHO funded consultants), and
- the ability of WHO unilaterally, and in cooperation with PAHO, to mobilize financial support from bilateral organizations and non-governmental and private sector donors.

Because of time limits and the preliminary status of WHO planning for dealing with the estimated cuts, we were not able to further develop these potential program impact issues.

Another important factor affecting our ability to determine the possible programmatic impact of U.S. cutbacks is the difficulty in identifying which WHO programs are of special interest or highest priority to the United States. According to the U.S. mission, U.S. policy has consistently supported the general primary health care philosophy of WHO's "health for all" goals and abstained from singling out any individual programs in the regular budget for favored support. Mission officials said that only through voluntary contributions does the United States express special interests or give priorities to programs such as malaria, essential drugs, oral rehydration, immunization, AIDS, etc.

Mission officials believed that the issue of U.S. priorities for the regular WHO budget is particularly significant, because the establishment of such priorities could be beneficial as a tool for working with WHO to better formulate budget strategies and to minimize the impact of U.S. cutbacks on program areas of special interest to the United States. Mission officials cautioned, however, that neither the mission nor the State Department has the expertise to rate one health program against another. They believed that such a prioritization

process would have to involve other U.S. agencies such as the Department of Health and Human Services.

WHO officials indicated that they would welcome any U.S. efforts to identify which regularly funded programs of WHO are highest priority to the United States as a means of further responding to the interests of WHO's major contributor when developing program budgets. Both State and WHO officials noted that the U.S. Government has played a major role in WHO's decisionmaking on budgetary and administrative issues. For example, the Geneva Group, which represents the major western contributors to WHO and which the United States co-chairs, regularly makes direct representations to the WHO Secretariat on budget issues. According to a State Department official, WHO organized a revision of the WHO Executive Board electoral system so that the U.S. member could be present each time the biennial budget was reviewed.

ICAO

The U.S. mission has informally told ICAO that Kassebaum Amendment reductions for fiscal year 1987 will be about \$1.5 million. No other estimates of potential U.S. reductions were being formally considered in the budget planning process by ICAO. ICAO officials said that the agency can manage the Kassebaum Amendment reductions from 25 percent to 20 percent in U.S. assessed contributions without major disruptions to programs or to U.S. interests. However, anticipated cuts are expected to delay equipment procurement, impose a staff level freeze, and delay implementation of regional plans. ICAO officials stressed that the Secretariat has no basis to proceed with plans for budgetary reductions until ICAO is formally notified about the actual amount of shortfalls in U.S. contributions.

ICAO officials explained that program operations are managed primarily by two offices--the Air Navigation Bureau and the Air Transport Bureau. The Air Navigation Bureau is responsible for assisting and monitoring the implementation of international civil aviation standards, practices, and procedures. The Air Transport Bureau coordinates the collection and dissemination of statistical data and economic studies on air transport activities. According to the ICAO Secretary General, major funding shortfalls would inevitably lead to cuts in substantive as well as in support operations and would be applied across-the-board to both Air Navigation and Air Transport activities.

According to State Department officials, the United States favors the activities of the Air Navigation Bureau, which has established program priorities that correspond closely to U.S.

priorities identified by the U.S. Federal Aviation Administration (FAA). The highest priority activities of the Air Navigation Bureau include

- updating and strengthening the Security Manual for Safeguarding Civil Aviation Against Acts of Unlawful Interference;
- providing security seminars to member states;
- updating the Manual of Aircraft Accident Investigation; and
- developing improved air/ground communication standards.

Both State and FAA officials emphasized that the United States has substantial influence over ICAO budget decisions. U.S. Mission officials noted that ICAO often adopts FAA guidelines verbatim, promoting U.S. aviation standards throughout the world. Information provided to us also indicated that the U.S. aviation industry directly benefits from ICAO's influence over procurement practices of member countries and from its training and development assistance activities. For example, documents provided by FAA indicate that ICAO activities in 1985 resulted in \$4.3 million in procurement contracts for U.S.-based manufacturers of aviation equipment.

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